

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADIA WATER, LLC,

Respondent.

DOCKET UW-240151

COMMISSION STAFF'S MOTION
FOR LEAVE TO FILE REVISED
TESTIMONY AND EXHIBITS;
NOTICE OF AMENDED
SETTLEMENT STIPULATION

I. INTRODUCTION

1 Commission Staff submits its Motion for Leave to File Revised Testimony and Exhibits pursuant to WAC 480-07-375(1)(d) and WAC 480-07-460(1)(a)(i) to revise the Response Testimony of Rachel Stark (Exhibit RS-1T), Exhibit RS-2, Exhibit RS-3, Settlement Testimony of Rachel Stark (Exhibit RS-7T), Response Testimony of Scott Sevall (Exhibit SS-1T), and Settlement Testimony of Scott Sevall (Exhibit SS-4T). Exhibits RS-1T, RS-2, RS-3, and SS-1T were filed in the above-captioned docket on November 20, 2024, and Exhibits RS-7T and SS-4T were filed on January 13, 2025. The proposed revisions are related to a calculation error made in Exhibits RS-2 and RS-3 and reflect the modified Settlement Stipulation.

2 This Motion also serves as a Notice of Amended Settlement Stipulation. Upon learning of the calculation error, Staff informed Cascadia because the error was of a magnitude that required additional consideration. Staff and Cascadia agreed to modify the Full Multiparty Settlement Stipulation to reduce the agreed-to revenue requirement increase from \$1.67 million to \$1.51 million. A revised Settlement Stipulation is being filed concurrently with this Motion.

II. RELIEF REQUESTED

3 Staff respectfully requests that the Commission grant it leave to revise the Response
Testimony of Rachel Stark (Exhibit RS-1T), Exhibit RS-2, Exhibit RS-3, Settlement
Testimony of Rachel Stark (Exhibit RS-7T), Response Testimony of Scott Sevall (Exhibit
SS-1T), and Settlement Testimony of Scott Sevall (Exhibit SS-4T).

III. STATEMENT OF FACTS

4 Staff filed its Response Testimony on November 20, 2024, responding to Cascadia
Water, LLC's (Cascadia) direct testimony and exhibits. Staff presented its calculation of
revenue requirement.

5 Staff and Cascadia reached a settlement agreement resolving all issues between
them. The Full Multiparty Settlement Stipulation was filed in this Docket on January 10,
2025. One of the key terms in the settlement agreement is a black-boxed revenue
requirement, which, from Staff's perspective, is substantially similar to Staff's revenue
requirement calculation. Staff learned of its calculation error on January 16, 2024, after it
filed Settlement Testimony on January 13, 2024. Staff reacted quickly to revise its testimony
and exhibits.

6 Staff and Cascadia also modify the Full Multiparty Settlement Stipulation in light of
Staff's calculation error. The Settling Parties modify Paragraph 11 of the Stipulation to read:
“**Revenue Requirement:** Settling Parties agree to a revenue requirement increase of \$1.51
~~\$1.67~~ million. This increase will be split between the Western water systems, defined as the
Island and Peninsula water systems, and the Pelican Point water system in the same
proportion as filed by Cascadia Water in September 2024. The Western water systems and
the Pelican Point water system were shown in separate workbooks, and the Settling Parties
agree that the proportions allocated to each workbook are appropriate.”

7 The calculation error involves an Excel spreadsheet formula. Staff included certain depreciation expenses twice in its revenue calculation. Exhibit RS-2 shows Staff’s calculations for Cascadia’s Western water systems (Peninsula and Island), and Exhibit RS-3 shows Staff’s calculations for Cascadia’s Pelican Point water system. In each Exhibit RS-2 and RS-3, Tab “PFIS,” Cell I-38, additional amounts are included for depreciation, essentially double-counting the depreciation expense. With the correction, Staff’s total company revenue requirement decreases from \$1,607,740 to \$1,472,373. The revenue requirement increase for the Western water systems would be \$1,211,844, and the increase for Pelican Point would be \$260,529 under Staff’s November 20, 2024, filing.

8 Cascadia is reviewing its testimony filed in support of the Settlement Stipulation on January 13, 2025. If modifications are needed, Cascadia will seek leave and modify its testimony as necessary.

IV. STATEMENT OF ISSUES

9 Should the Commission grant Staff leave to revise certain testimony and exhibits to correct a material calculation error and reflect the modified Settlement Stipulation?

V. ARGUMENT

10 WAC 480-07-460(1)(a)(i) allows parties to submit substantive revisions to prefiled testimony or exhibits only after receiving leave from the presiding officer. To do so, the party must file a motion for revised testimony as soon as practicable after discovering the need for revision.¹ The Commission generally considers the timing of the motions, the prejudice to other parties, and whether accepting revised testimony would disrupt the procedural schedule of the case.²

¹ WAC 480-07-460(1)(b).

² *Wash. Utils. & Transp. Comm’n v. Cascade Natural Gas Corp.*, Docket UG-210755, Order 04, ¶ 6 (Dec. 17, 2021).

11 Staff recognizes the late posture of this case. Parties are responding to the Settlement Stipulation, which was filed when cross-answering and rebuttal testimony was contemplated in the original procedural schedule for the case. The evidentiary hearing will take place on February 11, 2025. However, Staff learned of the error less than a week ago, and the error is material. It is important that the error be corrected for the integrity of the record. Ensuring that the record is accurate is in all of the parties' interests. A clear, correct, and accurate record allows the Commission to base its decisions in this case on suitable evidence.

12 The proposed revised testimony and exhibits consistent with the errata are submitted with this Motion. The errata corrections are set forth in the table below, which contains a description of the proposed edits.

Revisions to Response Testimony of Rachel Stark, Exh. RS-1T	
Page 3, Line 9	Replace: \$1,333,317 With: \$1,211,844
Page 3, Line 10-11	Replace: \$274,423 With: \$260,529
Page 3, Line 12-13	Replace: \$1,607,740 With: \$ 1,472,373
Page 3, Line 14	Replace: \$195,048 With: \$316,521
Page 3, Line 15	Replace: \$15,823 With: \$33,770
Page 17, Line 11	Replace: \$15,823 With: \$33,770
Page 17, Line 13	Replace: \$195,048 With: \$316,521
Page 17, Line 14-15	Replace: \$274,423 With: \$260,529

Page 17, Line 15	Replace: \$1,333,317 With: \$1,211,844
Page 17, Line 17	Replace: \$1,607,740 With: \$ 1,472,373
Page 17, Line 17	Replace: \$210,871 With: \$316,521
Revisions to Exhibit RS-2 (Western water systems revenue requirement)	
PFIS Tab, Cell I-38	Original Formula = SUM(Inputs!AE8:AE2200)-SUM(Inputs!AQ8:AQ2199) Changed to = SUM(Inputs!AE8:AE1207)-SUM(Inputs!AQ8:AQ2199) This change removed the extra count of additional assets since informal case calculations of \$114,718 from the inputs tab in cell AE1208. Reducing cell I38 in the PFIS tab amount from \$659,299 to \$544,580. This change reduced the revenue requirement from \$1,333,793 to \$1,211,844 which can be shown in cell K9.
Revisions to Exhibit RS-3 (Pelican Point revenue requirement)	
PFIS Tab, Cell I-38	Original Formula = SUM(Inputs!AC8:AC581)+SUM(Inputs!AO8:AO581)+'Operating Expense'!C27 Changed to = SUM(Inputs!AC8:AC76)+SUM(Inputs!AO8:AO581)+'Operating Expense'!C27 This change removed the extra count of additional assets since informal case calculations of \$13,070 from the inputs tab in cell AC77. Reducing cell I38 in the PFIS tab amount from \$67,573 to \$54,503. This change reduced the revenue requirement from \$274,423 to \$260,529 which can be shown in cell K9 in the PFIS tab.
Revisions to Settlement Testimony of Rachel Stark, Exhibit RS-7T	
Page 2, Line 17	Replace: \$1.67 With: \$1.47
Page 3, Line 4	Replace: \$1.67 With: \$1.51

Page 5, Line 9	Replace: \$1.67 With: \$1.51
Page 6, Line 12	Replace: \$1.67 With: \$1.51
Page 6, Line 12	Delete: dollar
Page 6, Line 17	Replace: \$1.67 With: \$1.47
Page 6, Line 18	Delete: dollar
Page 6, Line 20-22	Add: The settlement presents a black boxed revenue requirement that, in Staff's view, is in line with Staff's revenue requirement calculation plus carrying costs.

Revisions to Response Testimony of Scott Sevall, Exh. SS-1T

Table 5: Pelican Point Rates

Replace:

Pelican Point								
	Meter Size	Base Charge	Block 1 Usage	Block 1 Rate	Block 2 Usage	Block 2 Rate	Block 2 Usage	Block 3 Rate
Phase One	5/8 and 3/4	\$ 34.25	0-900	\$ 0.75	901-5500	\$ 1.26	5501+	\$ 1.40
	1-inch	\$ 85.63	0-2250		2251-13750		13750+	
	2-inch	\$ 274.00	0-7200		44000+		44000+	
Phase Two	5/8 and 3/4	\$ 43.35	0-900	\$ 0.99	901-5500	\$ 1.81	5501+	\$ 2.00
	1-inch	\$ 108.38	0-2250		2251-13750		13750+	
	2-inch	\$ 346.80	0-7200		44000+		44000+	
Final Rate	5/8 and 3/4	\$ 42.50	0-900	\$ 0.90	901-5500	\$ 1.81	5501+	\$ 2.00
	1-inch	\$ 106.25	0-2250		2251-13750		13750+	
	2-inch	\$ 340.00	0-7200		44000+		44000+	

With:

Pelican Point								
	Meter Size	Base Charge	Block 1 Usage	Block 1 Rate	Block 2 Usage	Block 2 Rate	Block 2 Usage	Block 3 Rate
Phase One	5/8 and 3/4	\$ 33.25	0-900	\$ 0.75	901-5500	\$ 1.26	5501+	\$ 1.40
	1-inch	\$ 83.13	0-2250		2251-13750		13750+	
	2-inch	\$ 266.00	0-7200		44000+		44000+	
Phase Two	5/8 and 3/4	\$ 41.75	0-900	\$ 0.99	901-5500	\$ 1.81	5501+	\$ 2.00
	1-inch	\$ 104.38	0-2250		2251-13750		13750+	
	2-inch	\$ 334.00	0-7200		44000+		44000+	
Final Rate	5/8 and 3/4	\$ 41.00	0-900	\$ 0.90	901-5500	\$ 1.81	5501+	\$ 2.00
	1-inch	\$ 102.50	0-2250		2251-13750		13750+	
	2-inch	\$ 328.00	0-7200		44000+		44000+	

Table 6: Island and Peninsula Rates

Replace:

Island/Peninsula								
	Meter Size	Base Charge	Block 1 Usage	Block 1 Rate	Block 2 Usage	Block 2 Rate	Block 2 Usage	Block 3 Rate
Phase One	5/8 and 3/4	\$ 33.00	0-500	\$ 3.80	501-1000	\$ 6.00	1001+	\$ 7.60
	1-inch	\$ 66.00	0-1250		1251-2500		2501+	
	2-inch	\$ 264.00	0-4000		4001-8000		8001+	
Phase Two	5/8 and 3/4	\$ 41.55	0-500	\$ 4.55	501-1000	\$ 7.19	1001+	\$ 9.10
	1-inch	\$ 83.10	0-1250		1251-2500		2501+	
	2-inch	\$ 332.40	0-4000		4001-8000		8001+	
Final Rate	5/8 and 3/4	\$ 40.50	0-500	\$ 4.55	501-1000	\$ 7.19	1001+	\$ 9.10
	1-inch	\$ 81.00	0-1250		1251-2500		2501+	
	2-inch	\$ 324.00	0-4000		4001-8000		8001+	

With:

Island/Peninsula								
	Meter Size	Base Charge	Block 1 Usage	Block 1 Rate	Block 2 Usage	Block 2 Rate	Block 2 Usage	Block 3 Rate
Phase One	5/8 and 3/4	\$ 33.00	0-500	\$ 3.45	501-1000	\$ 5.45	1001+	\$ 6.90
	1-inch	\$ 66.00	0-1250		1251-2500		2501+	
	2-inch	\$ 264.00	0-4000		4001-8000		8001+	
Phase Two	5/8 and 3/4	\$ 39.90	0-500	\$ 4.40	501-1000	\$ 6.95	1001+	\$ 8.80
	1-inch	\$ 79.80	0-1250		1251-2500		2501+	
	2-inch	\$ 319.00	0-4000		4001-8000		8001+	
Final Rate	5/8 and 3/4	\$ 39.00	0-500	\$ 4.40	501-1000	\$ 6.95	1001+	\$ 8.80
	1-inch	\$ 78.00	0-1250		1251-2500		2501+	
	2-inch	\$ 312.00	0-4000		4001-8000		8001+	

Table 7: Bill Impact

Replace:

Bill Compare						
Pelican	Current	Phase One	Phase Two	Final Rate	Percentage Increase	Dollar Increase
5/8 or 3/4	\$ 43.82	\$ 63.54	\$ 84.64	\$ 82.98	89%	\$ 39.16
1-inch	\$ 43.21	\$ 106.92	\$ 137.00	\$ 132.85	207%	\$ 89.65
2-inch	\$ 59.58	\$ 311.05	\$ 395.71	\$ 384.46	545%	\$ 324.88
Island	Current	Phase One	Phase Two	Final Rate	Percentage Increase	Dollar Increase
5/8 or 3/4	\$ 45.96	\$ 61.18	\$ 75.30	\$ 74.25	62%	\$ 28.30
1-inch	\$ 93.34	\$ 99.71	\$ 123.46	\$ 121.36	30%	\$ 28.02
2-inch	\$ 638.34	\$ 1,535.24	\$ 1,854.78	\$ 1,846.38	189%	\$ 1,208.04
NWWS	Current	Phase One	Phase Two	Final Rate	Percentage Increase	Dollar Increase
5/8 or 3/4	\$ 52.16	\$ 63.28	\$ 77.82	\$ 76.77	47%	\$ 24.60
Peninsula	Current	Phase One	Phase Two	Final Rate	Percentage Increase	Dollar Increase
5/8 or 3/4	\$ 30.58	\$ 56.74	\$ 69.98	\$ 68.93	125%	\$ 38.35
1-inch	\$ 60.04	\$ 104.15	\$ 128.78	\$ 126.68	111%	\$ 66.64
2-inch	\$ 309.00	\$ 439.10	\$ 542.08	\$ 533.68	73%	\$ 224.68
Aquarius	Current	Phase One	Phase Two	Final Rate	Percentage Increase	Dollar Increase
5/8 or 3/4	\$ 48.06	\$ 51.51	\$ 63.71	\$ 62.66	30%	\$ 14.60
1-inch	\$ 92.02	\$ 104.15	\$ 128.78	\$ 126.68	38%	\$ 34.66
Pederson	Current	Phase One	Phase Two	Final Rate	Percentage Increase	Dollar Increase
5/8 or 3/4	\$ 35.13	\$ 56.08	\$ 69.19	\$ 68.14	94%	\$ 33.01
Discovery Bay	Current	Phase One	Phase Two	Final Rate	Percentage Increase	Dollar Increase
5/8 or 3/4	\$ 47.20	\$ 59.20	\$ 72.93	\$ 71.88	52%	\$ 24.68

With:

Bill Compare						
<i>Pelican</i>	<i>Current</i>	<i>Phase One</i>	<i>Phase Two</i>	<i>Final Rate</i>	<i>Percentage Increase</i>	<i>Dollar Increase</i>
5/8 or 3/4	\$ 43.82	\$ 62.54	\$ 83.04	\$ 81.48	86%	\$ 37.66
1-inch	\$ 43.21	\$ 104.42	\$ 133.00	\$ 129.10	199%	\$ 85.90
2-inch	\$ 59.58	\$ 303.05	\$ 382.91	\$ 372.46	525%	\$ 312.88
<i>Island</i>	<i>Current</i>	<i>Phase One</i>	<i>Phase Two</i>	<i>Final Rate</i>	<i>Percentage Increase</i>	<i>Dollar Increase</i>
5/8 or 3/4	\$ 45.96	\$ 58.59	\$ 72.53	\$ 71.63	56%	\$ 25.68
1-inch	\$ 93.34	\$ 96.60	\$ 118.83	\$ 117.03	25%	\$ 23.69
2-inch	\$ 638.34	\$ 1,418.26	\$ 1,791.07	\$ 1,784.07	179%	\$ 1,145.74
<i>NWWS</i>	<i>Current</i>	<i>Phase One</i>	<i>Phase Two</i>	<i>Final Rate</i>	<i>Percentage Increase</i>	<i>Dollar Increase</i>
5/8 or 3/4	\$ 52.16	\$ 60.50	\$ 74.97	\$ 74.07	42%	\$ 21.90
<i>Peninsula</i>	<i>Current</i>	<i>Phase One</i>	<i>Phase Two</i>	<i>Final Rate</i>	<i>Percentage Increase</i>	<i>Dollar Increase</i>
5/8 or 3/4	\$ 30.58	\$ 54.56	\$ 67.39	\$ 66.49	117%	\$ 35.91
1-inch	\$ 60.04	\$ 100.64	\$ 123.98	\$ 122.18	103%	\$ 62.14
2-inch	\$ 309.00	\$ 422.98	\$ 521.76	\$ 514.76	67%	\$ 205.76
<i>Aquarius</i>	<i>Current</i>	<i>Phase One</i>	<i>Phase Two</i>	<i>Final Rate</i>	<i>Percentage Increase</i>	<i>Dollar Increase</i>
5/8 or 3/4	\$ 48.06	\$ 49.80	\$ 61.33	\$ 60.43	26%	\$ 12.37
1-inch	\$ 92.02	\$ 100.64	\$ 123.98	\$ 122.18	33%	\$ 30.16
<i>Pederson</i>	<i>Current</i>	<i>Phase One</i>	<i>Phase Two</i>	<i>Final Rate</i>	<i>Percentage Increase</i>	<i>Dollar Increase</i>
5/8 or 3/4	\$ 35.13	\$ 53.96	\$ 66.63	\$ 65.73	87%	\$ 30.59
<i>Discovery Bay</i>	<i>Current</i>	<i>Phase One</i>	<i>Phase Two</i>	<i>Final Rate</i>	<i>Percentage Increase</i>	<i>Dollar Increase</i>
5/8 or 3/4	\$ 47.20	\$ 56.79	\$ 70.24	\$ 69.34	47%	\$ 22.14

Revisions to Settlement Testimony of Scott Sevall, Exhibit SS-4T

Page 2, Line 18	Replace: \$1.67 With: \$1.47
Page 3, Line 4	Replace: \$1.67 With: \$1.51
Page 4, Line 23	Add "r"
Page 8, Line 5	Add "Western"
Page 8, Line 5	Replace: \$41.00 With: \$39.00
Page 8, Line 6	Replace: \$41.00 With: \$39.00
Page 8, Line 7	Replace: \$25.09 With: \$24.60
Page 8, Line 7	Replace: 41.00 – 25.09 With: 39.00 – 24.60
Page 8, Line 10	Replace: \$41.00 With: \$39.00

Page 8, Line 11	Add footnote 4: This paragraph speaks to the Western system rates. The same methodology is applied to Pelican, but the base rates are different and shown in Table 2.																																								
Table 1	Add: Western Rates																																								
Table 1	<p>Replace:</p> <table border="1" data-bbox="678 380 1442 821"> <thead> <tr> <th></th> <th>Year 1</th> <th>Year 2</th> <th>Year 3</th> <th>Year 4*</th> </tr> </thead> <tbody> <tr> <td>Agreed on residential base rate (ARB)</td> <td>\$41.00</td> <td>\$41.00</td> <td>\$41.00</td> <td>\$41.00</td> </tr> <tr> <td>Mitigation and deferral recovery (MD)</td> <td>(\$15.91)</td> <td>\$7.96</td> <td>\$7.96</td> <td>\$0.00</td> </tr> <tr> <td>Tariff Rate (TR) (ARB+MD=TR)</td> <td>\$25.09</td> <td>\$48.96</td> <td>\$48.96</td> <td>\$41.00</td> </tr> </tbody> </table> <p>With:</p> <table border="1" data-bbox="667 932 1442 1304"> <thead> <tr> <th></th> <th>Year 1</th> <th>Year 2</th> <th>Year 3</th> <th>Year 4*</th> </tr> </thead> <tbody> <tr> <td>Agreed on residential base rate (ARB)</td> <td>\$39.00</td> <td>\$39.00</td> <td>\$39.00</td> <td>\$39.00</td> </tr> <tr> <td>Mitigation and deferral recovery (MD)</td> <td>(\$14.40)</td> <td>\$7.20</td> <td>\$7.20</td> <td>\$0.00</td> </tr> <tr> <td>Tariff Rate (TR) (ARB+MD=TR)</td> <td>\$24.60</td> <td>\$46.20</td> <td>\$46.20</td> <td>\$39.00</td> </tr> </tbody> </table>		Year 1	Year 2	Year 3	Year 4*	Agreed on residential base rate (ARB)	\$41.00	\$41.00	\$41.00	\$41.00	Mitigation and deferral recovery (MD)	(\$15.91)	\$7.96	\$7.96	\$0.00	Tariff Rate (TR) (ARB+MD=TR)	\$25.09	\$48.96	\$48.96	\$41.00		Year 1	Year 2	Year 3	Year 4*	Agreed on residential base rate (ARB)	\$39.00	\$39.00	\$39.00	\$39.00	Mitigation and deferral recovery (MD)	(\$14.40)	\$7.20	\$7.20	\$0.00	Tariff Rate (TR) (ARB+MD=TR)	\$24.60	\$46.20	\$46.20	\$39.00
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Page 8, Table 2	<p>Add new Table 2:</p> <p>Table 2 Pelican Rates</p> <table border="1" data-bbox="667 1562 1466 1858"> <thead> <tr> <th></th> <th>Year 1</th> <th>Year 2</th> <th>Year 3</th> <th>Year 4*</th> </tr> </thead> <tbody> <tr> <td>Agreed on residential base rate (ARB)</td> <td>\$40.00</td> <td>\$40.00</td> <td>\$40.00</td> <td>\$40.00</td> </tr> </tbody> </table>		Year 1	Year 2	Year 3	Year 4*	Agreed on residential base rate (ARB)	\$40.00	\$40.00	\$40.00	\$40.00																														
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	Mitigation and deferral recovery (MD)	(\$17.73)	\$8.86	\$8.86	\$0.00
	Tariff Rate (TR) (ARB+MD=TR)	\$22.27	\$48.86	\$48.86	\$40.00
*Year 4 there is no mitigation or deferral, just the base rate.					

VI. CONCLUSION

13 For the reasons stated above, Staff respectfully requests that the Commission grant its motion to file revised testimony and exhibits to correct a calculation error in Staff's revenue requirement analysis.

DATED this 22nd day of January 2025.

Respectfully submitted,

NICHOLAS W. BROWN
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